



Broad reach, customer initiated, location verified

LOCATION + SMS = RESULTS

03.11.2013

50% 
smart phones

<5% audience
for any single
app vendor

50% 
feature phones

300 million
mobile devices in North America

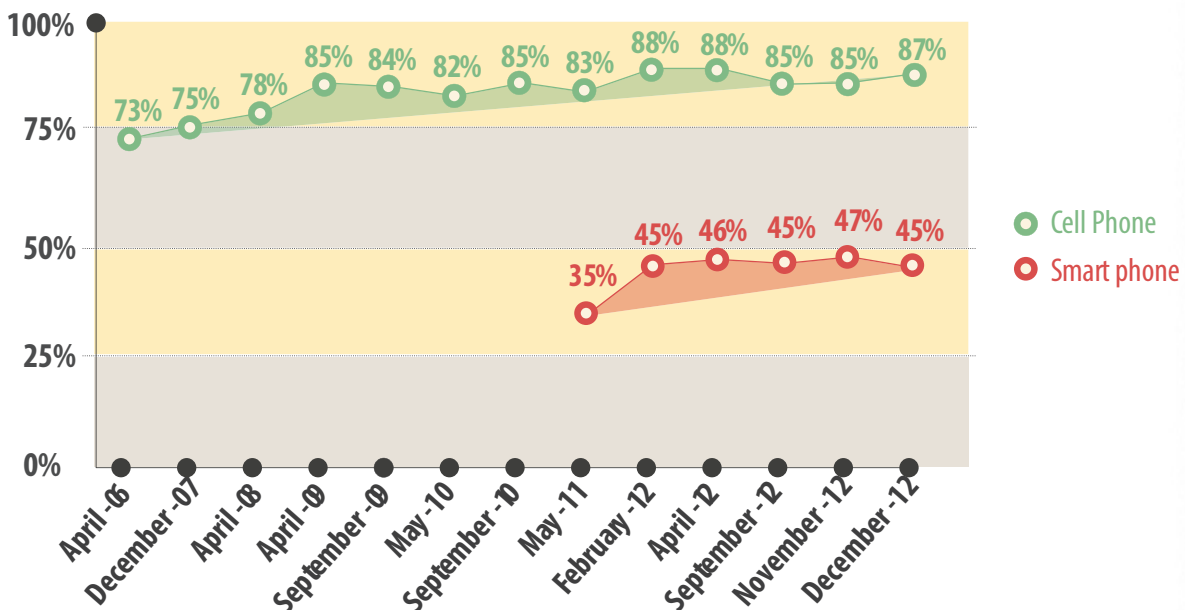


Market Overview

Smartphones & feature phones

There is so much hype and technology evolution surrounding mobile marketing, as a digital marketer, it's tough to figure out where to start. There is no doubt that mobile is the single most real time and personalized way to reach your existing and new customers. But programs you employ need to contemplate how consumers use their mobile, what they like and don't like, and how to activate them over the mobile channel.

Let's start with some basics and discover what's really going on out there. The Pew Research Center provide some interesting statistics on mobile phones in the US. You might think that everyone has an iPhone? Your wrong, as of December 2012, 45% of Americans own Smartphones and 87% of Americans own cell phones. This means that 42% of Americans are still using a feature phone, one that is capable of voice and SMS, but has limited ability to do much more. This is important if your strategy for mobile includes reach. Just like email – you need to reach all of your customers, not just a sub segment.

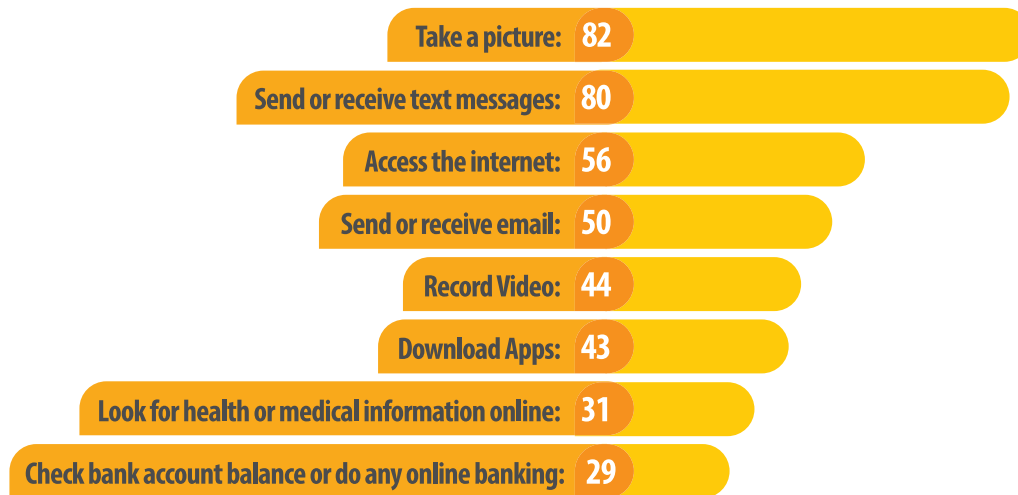


Cell phone and smartphone ownership over time
% of American adults who own a cell phone or smartphone

IMPORTANT POINT 1:
Not everyone has a smartphone

What are people doing on mobile

Don't despair though, because the Pew Research Center provided some other useful data. What are mobile users actually doing on their phone. Well, taking pictures (we all do it) is the number one thing that mobile users do at 82%, to the dismay of the camera marketplace, mobile phones have become the simple solution to always having a camera handy. In close 2nd place at **80% is SMS messaging**. Recent reports have indicated that Americans are SMS crazy and many prefer to text rather than talk on their phones. It's then interesting to note that there is a significant fall off between these and 3rd place and beyond. This is an important realization. If you are contemplating a mobile internet or mobile application strategy, immediately you will be losing a significant percentage of your customers, and in the case of applications, your customers would need to have your application out of the millions that exist in the stores today, not likely.

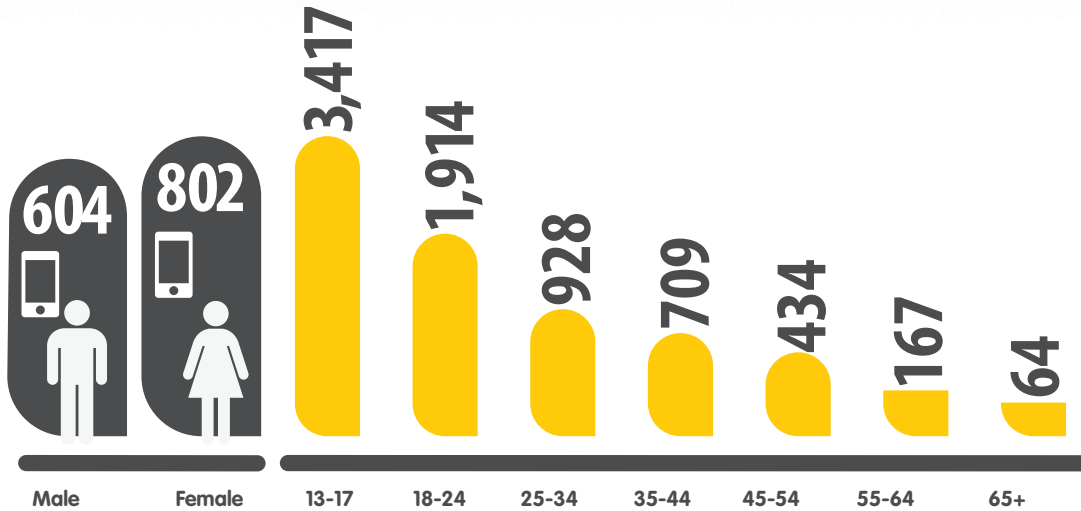


IMPORTANT POINT 2:
SMS is the single best channel to reach your customers

Understanding the demographics

Now that we have established SMS as the best channel to reach and interact with your customers, it's interesting to understand the various demographics and how much they use SMS. We have spoken to so many business owners who say "SMS is only used by teenagers". Well, they are wrong. Nielsen Mobile offers some eye-opening market statistics that show this is not the case at all. While the teenage group between age 13 and 17 sent a staggering amount of SMS messages per month, 3,417, the middle age segment

between the age of 45 and 54 are sending 434 messages per month. The conclusion is that most of your customers know how to send and receive SMS messages and do it very often, all the time. In fact the ability for consumers to text is outpacing the adoption of businesses to offer SMS based programs. Its an untapped mobile marketing channel with a ready and willing consumer base.



Average number of messages exchange per month

By age and gender, Q3, 2011

Source: Nielsen

IMPORTANT POINT 3

All of your customers know how to use SMS and do it everyday

SMS open rates and conversion rates

So we have established that SMS is the best way to reach your customers and that across a broad range of demographics, everyone knows how to use it and are already active sending many messages daily. How about the effectiveness of SMS as a marketing channel? Well, frankly the news couldn't be any better. Studies by Nielsen Mobile indicate that **97 percent of mobile subscribers will read an SMS within 15 minutes of receiving it and 84% will respond within 1 hour.** If you're an email marketer looking to move into mobile, these rates are stunning compared to the typical 20% open rates you receive on an email campaign if you are lucky. In addition response rates for campaigns and call to actions over SMS range in the 12-15% range. Why is this? Well, SMS is such a personalized and private channel. There is little spam in SMS. SMS regulations in the United States require that a consumer opt-in to receive your text message.

Therefore you have a consumer who has given you permission to market to them, who will open your message with a 97% open rate. The response rates make sense in this light.

IMPORTANT NOTE 4: SMS really works, delivering high open and response rates

Offers over sms

A recent study from RadiumOne indicates that **42% of consumers prefer to receive SMS based coupons over bar scanning coupons**. And nearly 52% of woman prefer simply flashing their coupons on their cell phones at checkout. This is particularly important to any marketing strategy that you deploy. People like the convenience of having a coupon in the SMS in-box. Since they are constantly receiving text messages they won't misplace the coupon like they do with paper coupons. Therefore the awareness of the offer stays high and the consumers tend to use them since they are easy. For a business, it's also important to note that most mobile users want an easy experience during check-out. This is key in developing your mobile strategies and campaigns. The goal should be to drive frequency and check-out value of customers as easily as possible.

IMPORTANT NOTE 6: Consumers prefer mobile coupons delivered over SMS

Localized offers

So, how does location work itself into an SMS offer, quite easily actually. Over the past year, mobile operators in the united states have made network based location available to application providers. What does this mean? It means that you no longer need to use GPS to understand where your customers are. Any phone, whether smartphone or feature phone can be located on the mobile network. This data can then be used to launch localized marketing. Why is location important? SMS is one of the most personal engagement channels there is. From a marketers perspective, the more relevant an offer can be over the SMS channel, the higher the conversion rates for that offer. As an example. RoundBuzz launched a campaign with a national retailer across 300 stores. The retailer had been using basic SMS messaging to offer mobile coupons. RoundBuzz let the retailer customize the information and offer based on the location of the stores. We then sent offers , based upon location, to the retailers customers. The results were incredible. **The retailer saw nearly 400% increase in conversion rates** of their offers over the sames offers sent with non-location based SMS.

IMPORTANT NOTE 7: Location dramaticly increases SMS marketing performance

Summary

If you are exploring mobile marketing or looking to make mobile a more effective channel in your marketing mix, consider utilizing SMS as a key element in your strategy. SMS has broad reach, impressive open rates, and high response rates. When coupled with location as part of the targeting mix, SMS can prove to be a tremendous marketing channel that delivers measurable results. We caution that not all SMS platforms are created equally. Therefore in the next section we take you through key features of RoundBuzz and how you can use these quickly and affordably to launch an effective mobile marketing campaign.



Features

Not all SMS solutions are created equal

All you need to do is go onto google and type the search words "SMS Platform". What comes back is whole sea of different offerings. So, which one is worth considering? Well, we at RoundBuzz are highly opinionated on that answer. But to understand why, we want to take you through some critical features an SMS platform should have and the **right way to implement your SMS marketing program.**

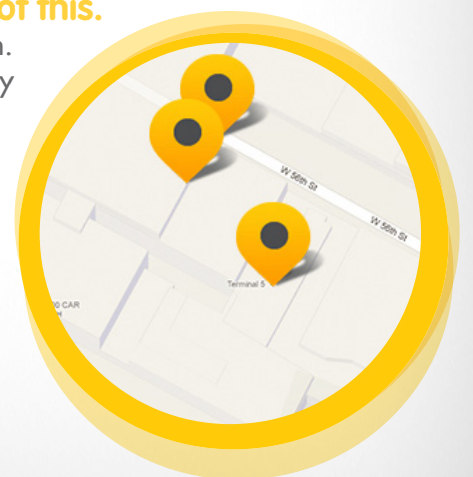
Uploading mobile numbers into a list - beware of lawsuits

Most SMS solutions on the market today are list based. They allow you to upload mobile phone numbers you have accumulated and then send text messages to those people. Did you know this is illegal? Yes, it is true, sending a text message from a short code to a mobile consumer who did not explicitly give their permission is considered an illegal and fine-able crime. Last year Papa Johns made the news involving a \$250M lawsuit where consumers claimed they received unsolicited text messages from Papa Johns after purchasing a pizza. The consumers claimed they never "opted-in" to the SMS program. The Telephone Consumer Protection Act of 1991 clearings states that **sending an advertisement to a mobile consumer that did not expressly opt in is indeed illegal.**

The beauty of text check-ins

With RoundBuzz, you don't need to worry about any of this.

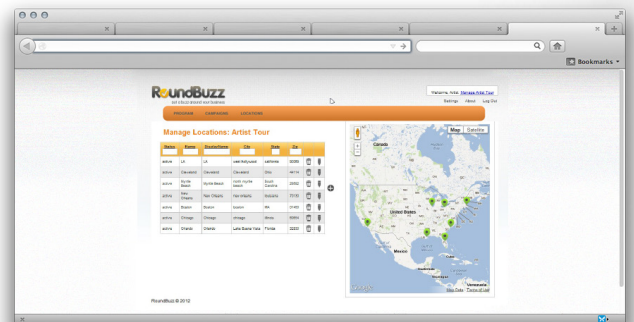
The RoundBuzz solution is based around our industry first text check-in. Much as the name implies, your customers check-in with you when they are at your store, or when they see your advertisements. When they check-in for the first time, they are asked if they want to subscribe to the marketing program. If they accept, they are entered into your program, the entire process is recorded and available for future audit, and rest assured every consumer who is a member in your marketing program arrived their legally.



Points of interest

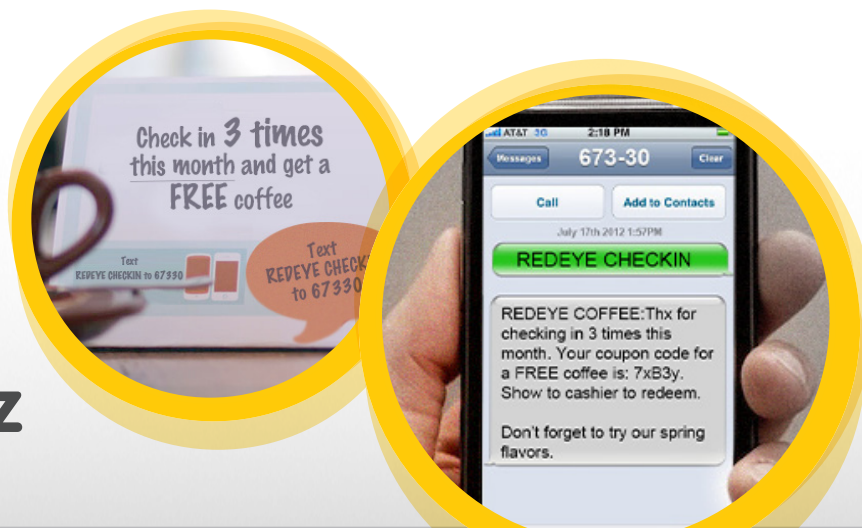
RoundBuzz offers a very cool feature that changes the game for SMS marketing. We allow you to enter points of interest and locations on our RoundBuzz network. **You do this by using a very simple mapping tool** that lets you create locations and drag and drop them to exactly where you need them. If your business has one location you can simply create that. If your business has dozens of locations, you can add them all. For very large chains we allow you to upload the locations from an external file. These locations are very important to how RoundBuzz markets to your customers (we'll discuss that next). We also allow you to group locations so you can segment by broader geographic region.

No other SMS platform on the market has this notion of location management. Why does it change the game. SMS is highly interactive and real time. By encouraging your customers to interact with you at your locations and points of interest, you have the unique opportunity to verify your customer presence, and then send a marketing message. Imagine that, seeing your customer check-in with you in your store, and in real time, being able to send back a meaningful marketing message that will effect their in-store behaviour. No longer are you sending text messages out into the ether and wondering what's happening. **RoundBuzz is about you customers talking to you in places that matter to your business.** That's right, SMS has been re-invented.



Text check-ins at a point of interest

One of the key features of RoundBuzz is our ability to verify the presence of your customer within a specific geo-fence or point of interest. **Our text check-ins are a customer initiated SMS message to you.** When the message is sent we verify that the message is located within one of your active locations. If it is, we count this as a valid check-in. This feature is very powerful and we use it in several different ways. We can use it as a one time check-in, to reward your customers for coming to you stores or venues – or we can use it as a loyalty club feature, check-in 5 times this month and get a free cup of coffee. In either way, we are encouraging your customers to visit you at your place of business, verifying their location, and offering you a chance to market to them on-premise.



About RoundBuzz

RoundBuzz is an innovator in location-based mobile marketing and a pioneer in location "Text Check-ins". With a long history in mobile marketing and technologies, the RoundBuzz team brings deep experience working across the mobile ecosystem to develop and deploy next generation mobile services and solutions. Our service uniquely combines location with text messaging to create a whole new way of thinking about mobile marketing. The RoundBuzz solution is a cloud-based self-service marketing platform that allows business owners to create, launch, and monitor powerful location-enabled interactive marketing campaigns easily and intuitively. With company headquarters in Research Triangle Park, Durham, NC, RoundBuzz is what's next in mobile marketing.

For more information about RoundBuzz visit roundbuzz.com.